

## Norton Says Allowing Over-Income Families to Receive D.C. Vouchers is Unfair - July 10, 2006

Norton Says Allowing Over-Income Families to Receive D.C. Vouchers is Unfair to Unsubsidized Parents and Could Harm Program Evaluation

July 10, 2006

Washington, DC-Congresswoman Eleanor Holmes Norton (D-DC) today released a letter to the Chairman of the Senate D.C. Appropriations Subcommittee, Sam Brownback (R-KS), Ranking Member Mary Landrieu (D-LA) and Senate appropriators, objecting to a "technical amendment" for a blanket income exemption of parents in the low-income D.C. school voucher program, who were required to be at 185 percent of the poverty level and could rise to 200 percent, but under a proposed exemption could earn as much as 300 percent of poverty. She asked instead that an objective standard be set for allowing those marginally above the percent of poverty to continue receiving the \$7,500 voucher to attend private schools. Norton warned that the significant increase to 300 percent for a family of two earning \$39,600; of three at \$49,800; and of four earning \$60,000, "guarantees that unsubsidized parents would now find their children in the same schools with subsidized voucher parents," resulting in the unfairness the low-income requirement was designed to avoid.

Last year, the D.C. Opportunity Scholarship Program did not recertify recipients as income-eligible at all and this year found 144 students who were over-income. They sought to justify an exemption for all students now and for the remaining two years of the program by using three undocumented examples, which themselves raised even more questions. Last week, the controversy led Congresswoman Norton and Senator Ted Kennedy (D-MA), who were unable to obtain information, to request a General Accountability Office (GAO) report because there has been no oversight of the program. They said that the increase in the poverty level requested by the Washington Scholarship Fund was significantly above that of any of the state-funded voucher programs and of the mandated poverty rates for all federal programs.

Congresswoman Norton, like most D.C. officials and residents, opposed imposing vouchers on the District, but she has resisted calls to challenge the program during its five year pilot phase. When she learned of the proposed change, she asked the administrators of the Washington Scholarship Fund to come in for a meeting. After the Thursday meeting, which she said was helpful and amicable, she expressed concern as to whether there would be enough students to do a valid evaluation of the program if over-income students left the program. As a result of that meeting, the Congresswoman thereafter consulted experts. In her letter to the appropriators, she said that she found that the state-funded Milwaukee school voucher program was evaluated with a valid study for five years without increasing the poverty level until the upcoming school year, and that the legislature left the level at 175 percent of poverty for 15 years, after which inflation would have more than justified the increase to 220 percent of poverty, considerably below the 300 percent sought by the D.C. program. Milwaukee also had a higher attrition rate than the D.C. program. In addition, the Norton letter cited federal policy on other low-income programs, particularly education programs, such as Head Start and Pell grants, which require that parents stay at the required income levels in order to continue receiving benefits. "Federal programs are designed to encourage people to earn-out, whether by marriage or additional income from any source," she wrote.

Using the D.C. program's attrition figures, Norton concluded that "the loss of students...through earning out and other attrition should not affect the validity of the evaluation of the D.C. program." However, she said that she was "alarmed that grandfathering in all parents in the program regardless of the reason they are over-income would hurt the validity of a study that seeks to show the effect of vouchers on low-income students." Norton said that a more reasonable

solution would be to accommodate parents who were marginally over-income, especially in light of the need for a valid study. For example, some parents who got into the program at 185 percent of poverty and jumped to 300 percent may have been temporarily low-income, because they were temporarily unemployed, and in fact may not fit the low-income test that the study evaluation contemplates. She said a few "hardship" examples given by the program raised more questions than they answered and would not in any case justify an across-the-board exemption for all over-income parents regardless of the reason.

The full text of Norton's letter follows.

July 7, 2006

Senator Sam Brownback

Chairman

District of Columbia Subcommittee

Committee on Appropriations

Senator Mary Landrieu

Ranking Member

District of Columbia Subcommittee

Committee on Appropriations

Dear Sen. Brownback and Sen. Landrieu:

I appreciate the work you both have done as Chair and Ranking Member of the Senate appropriations subcommittee for the District of Columbia, and especially your respect for democratic self government and home rule in the District. I write now because of proposed changes to the requirements for the D.C. School Choice Incentive Act of 2003 to have participating families with incomes ranging from 185 percent of the national poverty level (NPL) to a new, significantly increased cap of 300 percent NPL, instead of the current cap of 200 percent NPL, which I understand may be proposed as a technical amendment. I learned of the proposal from staff who attended the recent D.C. appropriations hearing and reported that the issue of over-income parents came and went in a brief question and answer. Since I knew nothing of such a significant change, I got busy doing what any Member would do when a matter involving her constituents arises - I reached out and had a meeting with representatives of the Washington Scholarship Fund (WSF), who administer the program, and because we are in recess, I called your top staff and had extensive conversations with them that were helpful in providing information and allaying some of my concerns.

However, I sought more information in order to fairly evaluate the proposal, but found little oversight of the program. Consequently, Senator Ted Kennedy and I thought it was important to seek a Government Accountability Office (GAO) report of the kind that is typically mandated for novel and for pilot programs. That request is attached. However, the report that we have requested cannot and is not intended to respond to the proposed increase in income you are considering.

Despite ongoing urging from residents and others who opposed the congressional decision to impose vouchers on the city, I have felt it inappropriate to challenge the program simply to make a point. This remains my position. In fact, I have appreciated your positive response to me and to D.C. officials, residents, and other Members of Congress, who opposed several significant changes in the program proposed last year.

The D.C. Opportunity Scholarship Program is required to take only low-income students from the worst schools in order "to provide low-income parents residing in the District of Columbia, particularly parents of students who attend elementary schools or secondary schools identified for improvement, corrective action, or restructuring under section 1116 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6316), with expanded opportunities for enrolling their children in higher-performing schools in the District of Columbia." To qualify for the program under P.L. 108-199, a household income must not exceed 185 percent NPL, but could rise to 200 percent NPL. The program already allows a family to remain in the program notwithstanding a significant increase in the income of a family.

The proposal to raise the income limits to 300 percent NPL particularly caught our attention because there are significant numbers of parents who struggle to send their children to religious and other private schools in the District. These are parents at the same income level as over-income families but because they made more than the 185 percent NPL, were not considered low-income and therefore were unable to qualify for participation in the voucher program and receive the support of these federal grants. We would caution that the 300 percent NPL for a family of two at \$39,600; for a family of three at \$49,800; and for a family of four at \$60,000 guarantees that these unsubsidized parents would now find their children in the same schools with subsidized voucher parents. The low-income requirement in the D.C. School Choice Incentive Act seeks to avoid this unfairness.

We were initially informed that the issue involved financial hardship, and indicated that we agree that a way should and can be found to respond to individual cases of hardship without undermining the intent of the program. However, as stated, the request is not only for hardship cases, but for an income exception for all participating students with family

incomes up to 300 percent NPL who no longer meet the statute's low-income test. In addition, it is alleged that the over-income students are necessary in order for the program to be validly evaluated. We agree that an evaluation is necessary, but as summarized below, our research does not confirm that the low attrition rate due to earn out will invalidate the study.

What follows is a summary of information provided to us by experts, who have looked at the issues presented by "earn out" and other forms of attrition in this and similar programs; federal policy concerning earning out of low-income programs, and the effects of attrition of students on the validity of school voucher studies.

The Milwaukee state-funded school voucher program, which began in the 1990-91 school year, is similar to the D.C.

program. However, its income limit remained at 175 percent NPL for 15 years, when inflation would have more than justified a change. For the first 15 years of the program, students from families whose income crossed the statutory limit were no longer eligible for a voucher. Only in 2006 did the Wisconsin Legislature raise the income cap, and then only for continuing students and their siblings and only raised it to 220 percent NPL. Moreover, the Milwaukee voucher program successfully completed a 5 year evaluation despite an attrition rate much higher than that of the D.C. program, even when students who earn out and other forms of attrition are included. During those years, the attrition rate in Milwaukee was 33 percent, while according to WSF enrollment projections, the attrition rate for the D.C. program 2006-07 school year and estimated for subsequent years will be 21 percent (10 percent lost to natural attrition, 9 percent to earn out, and 3 percent to high school capacity match issues). Moreover, the Cleveland voucher program had an annual attrition rate of 26 percent and has had successful evaluations as well.

Apart from the D.C. voucher program, the only ongoing official evaluation is of the Cleveland voucher program conducted by Dr. Kim Metcalf and the Indiana University School of Education. The Cleveland evaluation includes a classification to study the academic achievement of students previously in the voucher program who departed. The researchers identify these students as "former scholarship users." That same approach could be utilized in the D.C. evaluation.

Cumulatively, the loss of students in the D.C. program through earning out and other attrition should not affect the validity of the evaluation of the D.C. program. It seems clear from information provided in the first and second year evaluation reports of the program that there will be enough students left in the treatment group of students using vouchers to ensure a valid sample for evaluation purposes, even with the loss of those students who earn out. (See Appendix A of "Evaluation of the D.C. Opportunity Scholarship Program: First Year Report on Participation" and page A-6 of "Evaluation of the D.C. Opportunity Scholarship Program: Second Year Report on Participation.")

In judging whether earning out should be allowed as a result of marriage, a salary increase or an additional job, we turned to other federal programs which put recipients in similar positions every day, often for vital programs. Comparable federal programs do not allow low-income people to remain in programs if they earn out. For example, to qualify for enrollment and to continue annual participation in the Head Start and Early Head Start programs, families must meet official poverty guidelines established by the U.S. Department of Health and Human Services, and if families earn out, they may remain in the program only until the end of the current enrollment year, at which point they cease to be program participants. Similarly, Pell grant recipients become ineligible for future grants if their family income increases above the statutory limit.

Thus, we can find no basis for granting a blanket income exemption allowing all parents who earn out, regardless of the reason, to be grandfathered into this or any other federal program. A wholesale exception for all students would violate the basic principle of the program to which all agreed - that it be available only to low-income children. Federal low-income programs are designed to encourage people to earn out, whether by marriage or additional income from any source. Nevertheless, there may be some legitimate examples of families who have improved their living situation but are marginally above the threshold requirement. A new standard to accommodate these families would certainly not be as great as 300 percent NPL, a very significant increase. Yet, it would be important to avoid a subjective or judgmental standard because only an objective standard could remove controversy and invidious comparisons between recipients allowed to remain and those dropped.

We are satisfied that there would be a sufficient number of students left in the treatment group, and according to our experts, an adequate number to do a valid study. Given our knowledge of the District, including many struggling families with children already in private schools, we would appreciate further discussion with you on accommodating hardship cases, as indicated above.

Sincerely,

Eleanor Holmes Norton

cc:Members of the Senate District of Columbia Appropriations Subcommittee

Members of the Senate Appropriations Committee